GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:1685
ANSWERED ON:11.03.2008
ENTREPRENEURSHIP UNDER RURAL EMPLOYMENT GENERATION PROGRAMME
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether the Rural Employment Generation Programme has provided an opportunity to women and ex-servicemen to start industries in villages;

(b) if so, whether the Reserve Bank of India has asked the banks to be liberal in providing loans to applicants; and

(c) if so, the extent to which the unemployed youth in the country have been benefited?

Answer

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a) Yes Sir. Under the Rural Employment Generation Programme (REGP), implemented through the Khadi and Village Industry Commission (KVIC), special consideration is being given to women and ex-servicemen by providing the margin money at the rate of 30 % as against 25% in the case of entrepreneurs belonging to general category, for a project costing upto Rs. 10 lakh (and 10% of the project cost over and above Rs.10 lakh upto Rs. 25 lakh) in conjunction with bank credit. In addition, own contribution from entrepreneurs belonging to women and ex-servicemen categories, has been kept at 5% as against 10% for beneficiaries or entrepreneurs belonging to general category.

(b) & (c) There are no specific guidelines from Reserve Bank of India (RBI) to Banks , to be liberal in providing loans to REGP applicants. While formulating the REGP, consultation was made with RBI also, which subsequently issued circular letters to Chairman of all Scheduled / Commercial Banks well as Regional Rural Banks (RRBs) forwarding REGP guidelines and asking the latter to implement REGP as per the guidelines. RBI has also issued letters to public sector banks and their RRBs asking them to provide collateral free loans to REGP entrepreneurs.

The details of estimated employment opportunities generated under REGP during the last three years are as below. Year Estimated Employment Generated (Number of persons)

2004-05 530025
2005-06 567676
2006-07 595451